

## AMENDMENTS

### In the specification

On page 15, please amend the paragraph beginning on line 3 as follows:

In the Figure 4 system, when the consumer selection 61 is to view (but not record), the analog video signal output from the ~~STB-34a~~ STB 34b is No-More-Copy: V+W1+W2. When the consumer selection 61 is to view and record, the video signal output from the STB 34a is Copy-Once: V+W1. Under these circumstances, the record control portion 64 of the associated recorder 42a operates as shown in detail in Figure 5. (The remainder of ~~recorder 429~~ recorder 42a is conventional.)

On page 15, please amend the paragraph beginning on line 12 as follows:

A watermark W1 detector 66 first detects watermark W1. If no watermark W1 is found, then recording (copying) is allowed since it is assumed free-copying is available or the content has no copyright restrictions. If watermark W1 is detected at 68, then the watermark W2 detector 72 detects watermark W2. If W2 is not detected, then recording is allowed since this defines the one-copy-allowed state. The system "fails safe" in that recording is allowed. Note ~~that W is~~ that W1, W2 are typically some predetermined function of the active video. The fail safe provision is so that the user is not unnecessarily inconvenienced by false positive watermark detections. In general, watermarks are "woven into the fabric" of the video image. Removing them without degrading the basic active video content is very difficult.